Labor, Health and Human Services, and Education: FY2013 Appropriations Overview

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Summary

This report provides an overview of actions taken by Congress to provide FY2013 appropriations for the accounts funded by the Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED) appropriations bill. The L-HHS-ED bill provides funding for all accounts subject to the annual appropriations process at the Departments of Labor (DOL) and Education (ED). It provides annual appropriations for most agencies within the Department of Health and Human Services (HHS), with certain exceptions (e.g., the Food and Drug Administration is funded via the Agriculture bill). The L-HHS-ED bill also provides funding for more than a dozen related agencies, including the Social Security Administration.

Continuing Resolutions: On March 26, 2013, President Obama signed into law the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6). Division F of this law includes a full-year continuing resolution (CR) for L-HHS-ED. With limited exceptions, the full-year CR generally funds discretionary L-HHS-ED programs at their FY2012 levels, minus an across-the-board rescission of 0.2% per Section 3004, as interpreted by the Office of Management and Budget (OMB). The full-year CR superseded a six-month CR for FY2013 (P.L. 112-175) that had been enacted on September 28, 2012. The six-month CR generally funded discretionary L-HHS-ED programs at their FY2012 rates, plus 0.612%.

Sequestration: On March 1, 2013, President Obama issued a sequestration order, as required under the terms of the Budget Control Act of 2011 and the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The order called for an across-the-board cut of 5.0% for non-exempt nondefense discretionary funding, 2.0% for certain Medicare funding (per a special rule), and 5.1% for other non-exempt nondefense mandatory funding. Because the sequester was ordered before the enactment of the FY2013 full-year CR, OMB calculated the amounts to be sequestered based on annualized funding levels in place under the six-month FY2013 CR (P.L. 112-175). In light of the enactment of the full-year appropriations law, the effect of these reductions at the account, program, project, and activity level remains unclear, pending further guidance from OMB as to how these reductions are to be applied.

Disaster Relief Funding: On January 29, 2013, the President signed into law a supplemental appropriations bill in response to Hurricane Sandy (P.L. 113-2). This disaster supplemental included roughly $827 million for L-HHS-ED programs and activities, the majority of which ($800 million) went to HHS to support health, mental health, and social services needs in affected states, including costs related to the construction and renovation of damaged health, mental health, biomedical research, child care, and Head Start facilities.

House Actions on L-HHS-ED Bill (112th Congress): On July 18, 2012, the House Appropriations L-HHS-ED Subcommittee approved a draft FY2013 L-HHS-ED bill. This bill was not introduced or marked up by the full committee prior to the end of the 112th Congress. A detailed table on programs funded by the bill was not made publicly available and, as such, this report includes only limited information on the draft House subcommittee bill.

Senate Actions on L-HHS-ED Bill (112th Congress): On June 14, 2012, the Senate Appropriations Committee reported its FY2013 L-HHS-ED bill (S. 3295, S.Rept. 112-176). The committee report estimated that this bill included $166.0 billion in discretionary funds, which is about 1.2% more than the committee's estimate of comparable FY2012 funds ($164.1 billion). In addition, the committee report estimated the bill included $611.6 billion in mandatory funds, for a combined total of $777.6 billion (+4.9% from the comparable FY2012 funding level).

President's Request: On February 13, 2012, prior to the initiation of congressional action on FY2013 appropriations, the Obama Administration released the FY2013 President's Budget. The

President's Budget, as estimated in the committee report accompanying the FY2013 Senate bill (S.Rept. 112-176), called for $166.1 billion in discretionary funding for L-HHS-ED accounts (+1.2% from FY2012). In addition, the President requested $611.6 billion in mandatory funding, for a combined total of $777.6 billion (+4.9% from FY2012) in L-HHS-ED appropriations.

DOL Snapshot: The FY2013 Senate committee bill from the 112th Congress would have provided roughly $12.3 billion in discretionary funding for DOL. This amount is 1.7% less than the comparable FY2012 funding level of $12.6 billion and 3.0% more than the FY2013 request of $12.0 billion, as estimated in S.Rept. 112-176.

HHS Snapshot: The FY2013 Senate committee bill from the 112th Congress would have provided roughly $71.0 billion in discretionary funding for HHS. This amount is 2% more than the comparable FY2012 funding level of $69.6 billion and 1.4% more than the FY2013 request of $70.0 billion, as estimated in S.Rept. 112-176.

ED Snapshot: The FY2013 Senate committee bill from the 112th Congress would have provided roughly $68.5 billion in discretionary funding for ED. This amount is 0.6% more than the comparable FY2012 funding level of $68.1 billion and 2.0% less than the FY2013 request of $69.9 billion, as estimated in S.Rept. 112-176.

Related Agencies Snapshot: The FY2013 Senate committee bill from the 112th Congress would have provided roughly $14.1 billion in discretionary funding for L-HHS-ED related agencies. This amount is 2.3% more than the comparable FY2012 funding level of $13.8 billion and 0.2% less than the FY2013 request of $14.2 billion, as estimated in S.Rept. 112-176.

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Introduction

This report provides a status update on FY2013 appropriations actions for accounts traditionally funded in the appropriations bill for the Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED). This bill provides discretionary and mandatory appropriations to three federal departments: the Department of Labor (DOL), the Department of Health and Human Services (HHS), and the Department of Education (ED). In addition, the bill provides annual appropriations for more than a dozen related agencies, including the Social Security Administration (SSA).

Discretionary funds represent less than one-quarter of the total funds appropriated in the L-HHS-ED bill. Nevertheless, the L-HHS-ED bill is typically the largest single source of discretionary funds for domestic non-defense federal programs among the various appropriations bills (the Department of Defense bill is the largest source of discretionary funds among all federal programs). The bulk of this report is focused on discretionary appropriations because these funds receive the most attention during the appropriations process.

The L-HHS-ED bill typically is one of the more controversial of the regular appropriations bills because of the size of its funding total and the scope of its programs, as well as various related policy issues addressed in the bill, such as restrictions on the use of federal funds for abortion and for research on human embryos and stem cells.

Congressional clients may consult the L-HHS-ED experts list in CRS Report R42638, *Appropriations: CRS Experts* for information on which analysts to contact at the Congressional Research Service (CRS) with questions on specific agencies and programs funded in the L-HHS-ED bill.

Report Roadmap and Useful Terminology

This report is divided into several sections. The current section provides an explanation of the scope of the L-HHS-ED bill (and hence, the scope of this report), as well as an introduction to important terminology and concepts that carry throughout the report.

Next is a series of sections describing the status of funding for FY2013. These sections describe the continuing resolutions that have governed FY2013 appropriations levels for L-HHS-ED programs (P.L. 113-6, P.L. 112-175), as well as disaster relief appropriations (P.L. 113-2). There is also a summary of congressional actions on FY2013 L-HHS-ED appropriations bills during the 112th Congress. This is followed by an overview of the FY2013 President's Budget request and (for context) a review of the conclusion of the FY2012 appropriations process.

The next section provides a brief summary and analysis of proposed mandatory and discretionary FY2013 appropriations under the Senate committee bill from the 112th Congress (S. 3295) and the FY2013 President's Budget, by bill title, compared to comparable FY2012 funding levels. All numbers in this section—and throughout the report as a whole (except as noted)—are drawn from (or estimated based on) amounts provided in the committee report (S.Rept. 112-176) accompanying S. 3295 from the 112th Congress. (There is no similar analysis for the draft bill that was approved by the House Appropriations L-HHS-ED Subcommittee because this draft bill was not introduced or reported out of committee prior to the conclusion of the 112th Congress.)

The following section provides a summary of budget enforcement activities for FY2013. This includes a brief description of the Budget Control Act of 2011 (BCA), the recent FY2013 sequestration order, and an overview of House and Senate work on a budget resolution and 302(b) allocations (i.e., budget enforcement caps).

Finally, the report concludes with overview sections for each of the major components of the bill: the Department of Labor, the Department of Health and Human Services, the Department of Education, and Related Agencies. These sections provide selected highlights of FY2013 appropriations actions based on the Senate committee bill from the 112th Congress and the President's request. Note that these sections do not currently include tables showing funding levels for individual programs. For that level of detail, see the table beginning on p. 240 of the committee report (S.Rept. 112-176) accompanying S. 3295, as well as programmatic details discussed throughout the text of the committee report. Note also that analysis of the draft House subcommittee bill from the 112th Congress is not provided in these sections.

Scope of the Report

This report is focused strictly on appropriations to agencies and accounts that are subject to the jurisdiction of the Labor, HHS, Education, and Related Agencies Subcommittees of the House and the Senate Appropriations Committees (i.e., accounts traditionally funded via the L-HHS-ED bill). Department "totals" provided in this report do not include funding for accounts or agencies that are traditionally funded by appropriations bills under the jurisdiction of other subcommittees.

The L-HHS-ED bill provides appropriations for the following federal departments and agencies:

- the Department of Labor;
- the majority of the Department of Health and Human Services, except for the Food and Drug Administration (provided in the Agriculture appropriations bill), the Indian Health Service (provided in the Interior-Environment appropriations bill), and the Agency for Toxic Substances and Disease Registry (also funded through the Interior-Environment appropriations bill);
- the Department of Education; and
- more than a dozen related agencies, including the Social Security Administration, the Corporation for National and Community Service, the Corporation for Public Broadcasting, the Institute of Museum and Library Services, the National Labor Relations Board, and the Railroad Retirement Board.

Note also that funding totals displayed in this report do not reflect amounts provided outside of the regular appropriations process. Certain direct spending programs, such as Old-Age, Survivors, and Disability Insurance and parts of Medicare, receive funding directly from their authorizing statute; such funds are not reflected in the totals provided in this report because they are not subject to the regular appropriations process (see related discussion in the "Important Budget Concepts" section).

Important Budget Concepts

Mandatory Versus Discretionary Appropriations[1]

The L-HHS-ED bill includes both discretionary and mandatory funding. While all discretionary spending is subject to the annual appropriations process, only a portion of all mandatory spending is provided in appropriations measures.

Mandatory programs funded through the annual appropriations process are commonly referred to as *appropriated entitlements*. In general, appropriators have little control over the amounts provided for appropriated entitlements; rather, the authorizing statute establishes the program parameters (e.g., eligibility rules, benefit levels) that entitle certain recipients to payments. If Congress does not appropriate the money necessary to meet these commitments, entitled recipients (e.g., individuals, states, or other entities) may have legal recourse.[2]

Not all mandatory spending is provided through the annual appropriations process. Certain entitlements receive *direct spending* budget authority from their authorizing statute (e.g., Old-Age, Survivors, and Disability Insurance) and thus are not subject to the annual appropriations process. The funding amounts in this report do not include direct spending budget authority provided outside the regular appropriations process. Instead, the amounts in this report reflect only those funds, discretionary and mandatory, that are provided through appropriations bills.

Note that, as displayed in this report, mandatory amounts for the FY2013 President's request reflect current law (or current services) estimates as reported in S.Rept. 112-176; they do not include any of the Administration's proposed changes to a program's authorizing statute that might affect total spending. (In general, such proposals are excluded from this report, as they typically require authorizing legislation.)

Note also that the report focuses most closely on discretionary funding. This is because discretionary funding receives the bulk of attention during the appropriations process. (As noted earlier, although the L-HHS-ED bill includes more mandatory funding than discretionary funding, the appropriators generally have less flexibility in adjusting mandatory funding levels than discretionary funding levels.)

Total Budget Authority Provided in the Bill Versus Total Budget Authority Available in the Fiscal Year

Budget authority is the amount of money Congress allows a federal agency to commit or spend. Appropriations bills may include budget authority that becomes available in the current fiscal year, in future fiscal years, or some combination. Amounts that become available in future fiscal years are typically referred to as *advance appropriations*.

[1] For definitions of these and other budget terms, see U.S. Government Accountability Office (GAO), *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 1, 2005, http://www.gao.gov/products/GAO-05-734SP. (Terms of interest may include appropriated entitlement, direct spending, discretionary, entitlement authority, and mandatory.)

[2] Sometimes appropriations measures include amendments to legislation authorizing mandatory spending programs and thereby change the amount of mandatory appropriations needed. Because such amendments are legislative in nature, they may violate parliamentary rules separating authorizations and appropriations. For more information, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by Jessica Tollestrup.

Unless otherwise specified, appropriations levels displayed in this report refer to the total amount of *budget authority provided in an appropriations bill* (i.e., "total in the bill"), regardless of the year in which the funding becomes available.[3] In some cases, the report breaks out "current year" appropriations (i.e., the amount of *budget authority available for obligation in a given fiscal year*, regardless of the year in which it was first appropriated).[4]

As the annual appropriations process unfolds, current year appropriations plus any additional adjustments for congressional scorekeeping are measured against 302(b) allocation ceilings (budget enforcement caps for appropriations subcommittees that traditionally emerge following the budget resolution process). Unless otherwise specified, appropriations levels displayed in this report do not reflect additional *scorekeeping adjustments*, which are made by the Congressional Budget Office (CBO) to reflect conventions and special instructions of Congress.[5]

FY2013 Continuing Resolutions

Congress did not enact a regular L-HHS-ED appropriations bill prior to the beginning of FY2013. Instead, FY2013 funding for programs typically supported by the L-HHS-ED bill was temporarily provided by a six-month continuing resolution (CR), P.L. 112-175, which was later superseded by a full-year CR (P.L. 113-6, Division F).

Full-Year CR for L-HHS-ED

On March 26, 2013, President Obama signed into law the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6, H.R. 933, as amended). This law funds 7 of the 12 regular appropriations bills (including L-HHS-ED) via a full-year CR in Division F. With limited exceptions, the full-year CR generally funds discretionary L-HHS-ED programs at their FY2012 levels, minus an across-the-board rescission of 0.2% per Section 3004, as interpreted by the Office of Management and Budget (OMB).[6] This is a lower level of funding than had been provided by the six-month CR for FY2013, which generally funded discretionary L-HHS-ED programs at FY2012 rates, plus. 0.612%.

Note that amounts provided by the full-year CR will be further reduced, as appropriate, by the FY2013 sequester ordered by President Obama on March 1, 2013. Because the sequester was

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[3] Such figures include advance appropriations for future fiscal years, but do not include advance appropriations from prior years that become available in the current year.

[4] Such figures exclude advance appropriations for future years, but include advance appropriations from prior years that become available in the current year.

[5] For more information on scorekeeping, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*, by Bill Heniff Jr. See also a discussion of key scorekeeping guidelines included in the joint explanatory statement accompanying the conference report to the Balanced Budget Act of 1997 (H.Rept. 105-217, pp. 1007-1014).

[6] Section 3004 of P.L. 113-6 addresses the possibility that the new budget authority provided by the full-year FY2013 appropriations law might exceed the discretionary spending limits in Section 251(c)(2) of the Balanced Budget and Emergency Deficit Control Act. In such an event, Section 3004 calls for across-the-board rescissions of nonsecurity and security budget authority. The law sets the rates for such rescission at 0%, but calls for the percentages to be adjusted if OMB determines that rescissions are necessary to avoid a budget enforcement sequester in FY2013. Subsequent to the enactment of P.L. 113-6, OMB determined that such rescissions would be required at the following rates: 0.032% for security funding and 0.2% of nonsecurity funds. L-HHS-ED funds fall exclusively within the nonsecurity category, meaning that discretionary L-HHS-ED funds provided by P.L. 113-6 are to be reduced by an across-the-board rescission of 0.2%. For further information, see OMB, *Consolidated and Further Continuing Appropriations Act, 2013, Budget Enforcement Act (7-Day-After Reports)*, April 4, 2013, p. 54, http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/7_day_after/bea_report_hr933_04-04-13.pdf.

ordered before the enactment of the FY2013 full-year CR, OMB calculated the amounts to be sequestered based on annualized funding levels in place under the six-month FY2013 CR (P.L. 112-175). In light of the enactment of the full-year appropriations law, the effect of these reductions at the account, program, project, and activity level remains unclear, pending further guidance from OMB as to how these reductions are to be applied (see "FY2013 Joint Committee Sequestration" for more information).

In general, the full-year CR funds L-HHS-ED programs at the same funding levels (minus 0.2%, per Section 3004) and under the same terms and conditions as the FY2012 appropriations law (P.L. 112-74). However, the final CR includes more than 20 special provisions (sometimes called "anomalies") for L-HHS-ED programs, which carve out limited exceptions to these rules. For instance, the full-year CR does the following:

- Provides funding increases, compared to FY2012 (not accounting for sequestration), for a selection of programs, including HHS Refugee and Entrant Assistance programs (§1509), the Child Care and Development Block Grant (§ 1510), Head Start (§1511), and the Public Health and Social Services Emergency Fund (§1512).
- Gives the Secretary of Labor authority to transfer up to $30 million in unobligated funds (i.e., funds from prior year appropriations) to the Office of Job Corps for operational costs incurred during program year 2012 (which ends on June 30, 2013) and possibly program year 2013 (§1501).
- Clarifies allocation rules for ED's Individuals with Disabilities Education Act (IDEA) Part B program (§1514).
- Reserves $3 million out of total budgetary resources in ED's Safe Schools and Citizenship Education account for Project School Emergency Response to Violence (Project SERV) to "provide education-related services to local educational agencies and institutions of higher education in which the learning environment has been disrupted due to a violent or traumatic crisis" (§1513).
- Rescinds specified amounts of mandatory funding that would otherwise be available for selected HHS programs: -$200 million for the Community-Based Care Transitions program (§1520), -$400 million for the Independent Payment Advisory Board (IPAB, §1521), and -$6.4 billion in bonus payments for the State Children's Health Insurance Program (CHIP, §1521).
- Temporarily extends the authorization and mandatory HHS funding for Temporary Assistance for Needy Families (TANF) and the Child Care Entitlement to States through the end of FY2013 (§1522).

For a complete list of L-HHS-ED anomalies contained in the final CR, see P.L. 113-6, Division F, Title V.

Early Action on H.R. 933

H.R. 933 was initially approved by the House on March 6, 2013. The Senate amended and approved a new version of H.R. 933 two weeks later, on March 20. The House adopted the Senate version the following day. The amended bill was then signed into law (P.L. 113-6) on March 26, just before the expiration of the six-month CR (P.L. 112-175). Notably, as initially agreed to in the House, H.R. 933 would have funded most discretionary L-HHS-ED programs (except anomalies) at their FY2012 levels, minus an across-the-board rescission of 0.098%. This version of the bill included fewer anomalies for L-HHS-ED programs than the enacted version.

Six-Month Continuing Resolution (P.L. 112-175)

On September 28, 2012, the President signed into law a six-month government-wide CR (P.L. 112-175).[7] The six-month CR generally maintained funding for discretionary programs at their FY2012 rates, plus 0.612%.[8] It was scheduled to expire on March 27, 2013, but was ultimately superseded by the final full-year appropriations law (P.L. 113-6) on March 26, 2013.

Note to Readers

The remainder of this report has not been updated to reflect the enactment of the full-year appropriations law (P.L. 113-6), with the exception of the section on "FY2013 Joint Committee Sequestration."

FY2013 Disaster Relief Appropriations

On January 29, 2013, President Obama signed into law the Disaster Relief Appropriations Act, 2013 (P.L. 113-2). Overall, the law provided $50.7 billion in supplemental funding and legislative provisions to address immediate losses from Hurricane Sandy and to support mitigation for future disasters.[9] Programs and activities within L-HHS-ED received roughly $827 million, which was distributed as follows:

- $800 million to the HHS Public Health and Social Services Emergency Fund (PHSSEF) account. Of this total, the law called for HHS to transfer $500 million to the Social Services Block Grant, $100 million to the Head Start program, and at least $5 million to the HHS Office of the Inspector General for oversight and accountability activities. The law gave the HHS secretary discretion over the remaining $195 million, including the authority to transfer those funds throughout the department for activities such as the repair and rebuilding of nonfederal biomedical or behavioral research facilities.
- $25 million to the DOL Workforce Investment Act Dislocated Worker National Reserve to support employment services and job training for dislocated workers.
- $2 million to the Social Security Administration Limitation on Administrative Expenses (LAE) account for expenses directly related to Hurricane Sandy. (These funds were made available from certain unobligated balances at the Social Security Administration.)

Status of FY2013 L-HHS-ED Appropriations Efforts: 112th Congress

Table 1 provides a timeline of FY2013 L-HHS-ED appropriations actions initiated by Congress during the 112th Congress. The remainder of this section provides additional detail on these and other steps toward full-year L-HHS-ED appropriations. This section is focused on bills targeted

[7] For additional information, see CRS Report R42782, *FY2013 Continuing Resolutions: Analysis of Components and Congressional Action*, by Jessica Tollestrup.

[8] The CR also included several anomalies (i.e., provisions that made exceptions to the general formula and purpose for which FY2012 funding was continued into FY2013).

[9] For more information about the supplemental, see CRS Report R42869, *FY2013 Supplemental Funding for Disaster Relief*, coordinated by William L. Painter and Jared T. Brown.

specifically to L-HHS-ED appropriations and does not include information on broader spending bills, such as continuing resolutions or disaster supplementals, which are discussed above.

Table 1. Status of FY2013 L-HHS-ED Appropriations Legislation

Subcommittee Markup							Conference Report Approval		
House	Senate	House Report	House Passage	Senate Report	Senate Passage	Conf. Report	House	Senate	Public Law
7/18/12 Vote: 8-6	6/12/12 Vote: 10-7			6/14/12 S. 3295 S.Rept. 112-176 Vote: 16-14					

Source: CRS Appropriations Status Table.

FY2013 Action in the House

On July 18, 2012, the House Appropriations L-HHS-ED Subcommittee approved a draft bill to provide full-year FY2013 L-HHS-ED appropriations. The bill was not marked up by the full committee prior to the end of the 112th Congress and a detailed table on programs that would have been funded by the bill was not made publicly available. As such, this report provides only limited information about this draft bill from the 112th Congress.

According to the committee's press release, the bill would have provided roughly $150 billion for discretionary L-HHS-ED programs and activities in FY2013.[10] This amount, which matches the L-HHS-ED budget cap established by the House Appropriations Committee, includes current year budget authority only (adjusted for scorekeeping).[11] As such, *this estimate is not comparable* to most other numbers in this report, because other estimates (except as noted) generally include total budget authority in the bill, not current year budget authority only (see "Important Budget Concepts" for further explanation).

While the draft subcommittee bill would have increased funding for some programs (e.g., Head Start), the committee's press release indicated that the bill would have decreased aggregate discretionary funding for DOL, HHS, and ED compared to FY2012. The draft subcommittee bill also included a number of provisions that would have rescinded funding, prohibited use of funds for certain activities, or eliminated programs or agencies altogether. For instance, the bill would have rescinded funding for—or otherwise stop implementation of—certain aspects of the health reform law (P.L. 111-148, as amended); terminated the HHS Agency for Healthcare Research and Quality (AHRQ), while transferring some of AHRQ's functions elsewhere; temporarily halted the reorganization, announced in April 2012, of various HHS agencies and offices (including the Administration on Aging) into a new Administration on Community Living;[12] terminated funding

[10] House Appropriations Committee (Republicans), "Appropriations Committee Releases the Fiscal Year 2013 Labor, Health and Human Services Funding Bill," press release, July 17, 2012, http://appropriations.house.gov/news/documentprint.aspx?DocumentID=303303.

[11] See H.Rept. 112-489 for House budget caps (also called 302(b) allocations) for each appropriations subcommittee.

[12] Neither the FY2013 CR nor the Senate committee-approved bill includes a similar provision. The remainder of this report assumes the continued existence of the Administration on Community Living (ACL). For more information, see the *Federal Register* notice establishing ACL: Department of Health and Human Services, "Statement of Organization, Functions, and Delegations of Authority; Administration on Community Living," 77 *Federal Register* 23250-23260, April 18, 2012. See also the ACL homepage at http://www.hhs.gov/acl/.

for ED's Race to the Top program; and eliminated funding for the Corporation for Public Broadcasting (one of the bill's "related agencies").

Treatment of the House Subcommittee-Approved Bill in this Report

Because the House subcommittee's draft bill was not introduced or reported out of committee prior to the end of the 112th Congress, the remainder of this report has not been updated to incorporate information about this bill.

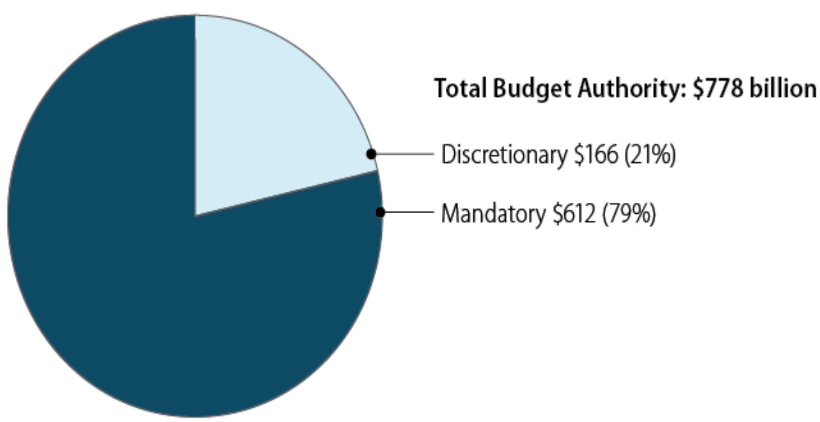
FY2013 Action in the Senate

On June 14, 2012, the Senate Committee on Appropriations reported a bill that would provide full-year FY2013 L-HHS-ED appropriations (S. 3295, S.Rept. 112-176). Prior to this, on June 12, 2012, the L-HHS-ED Subcommittee of the Senate Committee on Appropriations had approved a draft bill for full committee consideration.

As reported by the full committee during the 112th Congress, S. 3295 would have provided $166 billion in discretionary funding for L-HHS-ED. This amount is about 1% more than the comparable FY2012 funding level ($164 billion) and about 0.03% less than the FY2013 President's request, based on estimates drawn from the committee report. In addition, the Senate committee bill would have provided an estimated $612 billion in mandatory funding, for a combined total of nearly $778 billion for L-HHS-ED as a whole (see **Figure 1**). This amount is roughly 5% more than the comparable FY2012 funding level and 0.01% less than the FY2013 President's request, based on estimates provided in the committee report.

Figure 1. Proposed FY2013 Appropriations for the Departments of Labor, HHS, Education, and Related Agencies in S. 3295 from the 112th Congress

(BA in billions of dollars)



Source: All amounts in this figure are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

FY2013 President's Budget Request

On February 13, 2012, the Obama Administration released its FY2013 Budget. The President's Budget requested $166 billion in discretionary funding for accounts funded by the L-HHS-ED bill (+1% from comparable FY2012), based on estimates shown in the Senate committee report. In addition, the President's Budget requested roughly $612 billion in annually appropriated mandatory funding (based on the most recent current law estimates), for a total of roughly $778 billion (+5% from comparable FY2012) for the L-HHS-ED bill as a whole.

Conclusion of the FY2012 Appropriations Process

On December 23, 2011, President Obama signed into law the Consolidated Appropriations Act, 2012 (H.R. 2055, H.Rept. 112-331, P.L. 112-74). This appropriations "megabus" provided FY2012 appropriations for nine of the twelve regular appropriations bills, including L-HHS-ED. (Prior to December 23, L-HHS-ED funding for FY2012 had been provided by a series of short-term continuing resolutions: P.L. 112-68, P.L. 112-67, P.L. 112-55, P.L. 112-36, and P.L. 112-33.) Also on December 23, President Obama signed into law the Disaster Relief Appropriations Act, 2012 (H.R. 3672, P.L. 112-77), which provided additional L-HHS-ED funding for certain program integrity activities at the Social Security Administration. Combined, these laws provided an estimated $164 billion in discretionary funding for accounts traditionally funded by the L-HHS-ED bill. In addition, the laws provided an estimated $577 billion in mandatory funding for L-HHS-ED accounts, for a total of roughly $741 billion. These FY2012 estimates, as reported in the S.Rept. 112-176 (accompanying the FY2013 Senate committee bill), take into account the 0.189% across-the-board rescission required for most discretionary L-HHS-ED accounts in FY2012, as well as estimated transfers and adjustments for comparability or other activities. (For additional details on amounts provided by bill title, see **Table 2** in this report or see CRS Report R42010, *Labor, Health and Human Services, and Education: FY2012 Appropriations*.)

Dollars and Percents in this Report

Funding totals displayed in this report are typically rounded to the nearest million or billion (as labeled). Dollar changes and percent changes discussed in the text of this report are based on unrounded amounts.

Unless otherwise noted, dollar amounts in this report are estimated based on the committee report produced by the Senate Committee on Appropriations (S.Rept. 112-176) to accompany S. 3295 from the 112th Congress. These estimates may change.

Overview of FY2013 Appropriations Proposals

Table 2 displays the total amount of FY2012 discretionary and mandatory L-HHS-ED funding (adjusted for comparability) provided, by title, compared to the FY2013 President's request and the FY2013 Senate committee bill (referred to as the FY2013 proposals in this report). The amounts shown in this table reflect total budget authority provided in the bill (i.e., all funds appropriated in the current bill, regardless of the fiscal year in which the funds become available), not total budget authority available for the current fiscal year.

Table 2. L-HHS-ED Appropriations Overview by Bill Title, FY2012-FY2013

(Total BA provided by the bill, in billions of dollars)

Bill Title	FY2012 Comparable	FY2013 Request	FY2013 Senate Committee (S. 3295/112th)
Department of Labor	**14.7**	**14.3**	**14.7**
Discretionary	12.6	12.0	12.3
Mandatory	2.2	2.3	2.3
Department of Health and Human Services	**589.3**	**620.6**	**621.6**
Discretionary	69.6	70.0	71.0
Mandatory	519.7	550.6	550.6
Department of Education	**71.2**	**73.1**	**71.8**
Discretionary	68.1	69.9	68.5
Mandatory	3.1	3.2	3.2
Related Agencies	**66.3**	**69.6**	**69.6**
Discretionary	13.8	14.2	14.1
Mandatory	52.4	55.4	55.4
L-HHS-ED Bill Total (BA Provided in the Bill)	**741.5**	**777.6**	**777.6**
Discretionary	**164.1**	**166.1**	**166.0**
Mandatory	**577.4**	**611.6**	**611.6**

Source: All amounts in this table are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

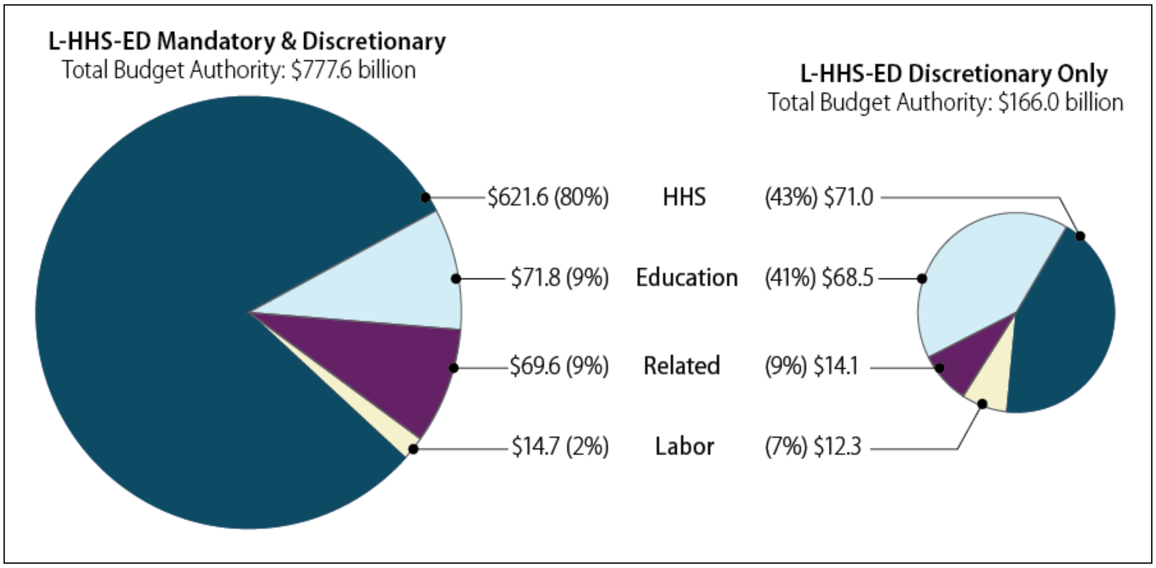
Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

When taking into account both mandatory and discretionary funding, HHS received more than three-quarters of the FY2012 L-HHS-ED appropriations; the same would also be true under both of the FY2013 proposals shown in **Table 2** (see **Figure 2** for the composition of the FY2013 Senate committee bill from the 112th Congress). This is largely due to the sizable amount of mandatory funding included in the HHS appropriation, the majority of which is for Medicaid grants to states and payments to health care trust funds. After HHS, the Department of Education and Related Agencies represent the next-largest shares of total L-HHS-ED funding, accounting for roughly 9% to 10% each in FY2012 and the FY2013 proposals. Unlike HHS, the majority of appropriations for ED are discretionary. However, the bulk of funding for the Related Agencies goes toward mandatory payments and administrative costs of the Supplemental Security Income program at the Social Security Administration. Finally, the Department of Labor accounts for the smallest share of total L-HHS-ED funds: roughly 2% in FY2012 and the FY2013 proposals.

When looking only at discretionary appropriations, however, the overall composition of L-HHS-ED funding is noticeably different (see **Figure 2**). Rather than being dominated by HHS alone, the majority of all discretionary appropriations (84%) are split relatively evenly between HHS and ED in FY2012 and in the two FY2013 proposals. The Department of Labor and the Related Agencies then combine to account for a roughly even split of the remaining 16% of discretionary L-HHS-ED funds in FY2012 and in the FY2013 proposals.

Figure 2. FY2013 L-HHS-ED Appropriations, by Title, as Proposed in S. 3295 (112th Congress)

(BA in billions of dollars)



Source: All amounts in this figure are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

FY2013 Budget Enforcement Activities

Budget Control Act of 2011

Congress considered FY2013 appropriations in the context of the Budget Control Act of 2011 (BCA, P.L. 112-25), which established discretionary spending limits for FY2012-FY2021.[13] The BCA allows for adjustments to be made to annual discretionary spending caps for certain costs specified in the law, including increases (up to a point) in new budget authority provided for specified program integrity initiatives at HHS and the Social Security Administration.[14]

[13] For a more detailed explanation of the BCA, see CRS Report R41965, *The Budget Control Act of 2011*, by Bill Heniff Jr., Elizabeth Rybicki, and Shannon M. Mahan.

[14] Other allowable adjustments include certain costs related to overseas contingency operations/Global War on Terror, emergency spending, and—to a limited extent—disaster relief appropriations. With respect to program integrity adjustments in FY2012, the Office of Management and Budget (OMB) reported that total discretionary appropriations

The BCA also tasked a Joint Select Committee on Deficit Reduction to develop a federal deficit reduction plan for Congress and the President to enact by January 15, 2012. The failure of Congress and the President to enact deficit reduction legislation by that date triggered an automatic spending reduction process established by the BCA, consisting of a combination of sequestration and lower discretionary spending caps. This process was initially scheduled to begin on January 2, 2013. However, prior to that date, Congress enacted legislation delaying the implementation of sequestration (as discussed below).

The American Taxpayer Relief Act of 2012

The American Taxpayer Relief Act (ATRA, P.L. 112-240), enacted on January 2, 2013, made a number of significant changes to the procedures in the BCA that take place during FY2013. First, the implementation date for the joint committee sequester was delayed for two months, until March 1, 2013. Second, the dollar amount of the joint committee sequester was reduced by $24 billion. Third, the statutory caps on discretionary spending for FY2013 (and FY2014) were lowered.[15]

FY2013 Joint Committee Sequestration

The joint committee sequestration process for FY2013 requires the Office of Management and Budget (OMB) to implement across-the-board spending cuts at the account and program level to achieve equal budget reductions from both defense and nondefense funding at a percentage to be determined under terms specified in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA, Title II of P.L. 99-177, 2 U.S.C. 900-922), as amended by the BCA.

On March 1, 2013, President Obama ordered that the joint committee sequester be implemented pursuant to the BCA, as amended by ATRA.[16] The accompanying OMB report indicated a dollar amount of budget authority to be canceled from each account containing non-exempt funds.[17] The law calls for the sequester to be applied at the program, project, and activity (PPA) level within each account, but comprehensive PPA data were not made available on March 1.[18]

Because the sequester was ordered before the enactment of full-year appropriations for FY2013, OMB calculated the amounts to be sequestered based on annualized funding levels under the six-

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for continuing disability reviews and redeterminations at the SSA ($757 million) required a cap adjustment of $483 million, which is $140 million less than the maximum allowable adjustment. Meanwhile, total discretionary FY2012 appropriations for health care fraud and abuse ($310 million) did not require any adjustment to the discretionary cap. The law would have allowed for a cap adjustment of up to $270 million for these activities in FY2012. For additional information, see Office of Management and Budget, *OMB Final Sequestration Report to the President and Congress for Fiscal Year 2012*, January 18, 2012, pp. 6-7, http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/sequestration/sequestration_final_jan2012.pdf.

[15] For further information on the changes to BCA procedures made by ATRA, see CRS Report R42949, *The American Taxpayer Relief Act of 2012: Modifications to the Budget Enforcement Procedures in the Budget Control Act*, by Bill Heniff Jr.

[16] White House, President Obama, Sequestration Order for Fiscal Year 2013 Pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act, As Amended, March 1, 2013, available at http://www.whitehouse.gov/sites/default/files/2013sequestration-order-rel.pdf.

[17] Executive Office of the President, Office of Management and Budget, *OMB Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013, available at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13ombjcsequestrationreport.pdf.

[18] Ibid., pp. 11, 13.

month FY2013 CR (P.L. 112-175).[19] Accordingly, OMB estimated that the joint committee sequester would require a 5.0% reduction in non-exempt nondefense discretionary funding, a 2.0% reduction in certain Medicare funding (subject to a special rule), and a 5.1% reduction for most other non-exempt nondefense mandatory funding.[20] (OMB also reported on the required percent reductions of non-exempt defense spending, but these do not apply to L-HHS-ED.) OMB applied these percentages to funding levels in place at that time (the six-month CR) to determine dollar amount reductions for each budget account.

Although final FY2013 appropriations have been enacted, the effect of the sequester reductions at the account and PPA level remains unclear, pending further guidance from OMB as to how these reductions should be applied. The full-year FY2013 appropriations law requires a number of federal agencies and departments—including DOL, HHS, and ED—to submit operating plans to the appropriations committees within 30 days of the bill's enactment. These operating plans are expected to display FY2013 funding estimates at the program, project, and activity level that reflect the effects of sequestration and the 0.2% rescission required by Section 3004 of P.L. 113-6, as interpreted by OMB.

Notably, some programs are exempt from sequestration or subject to special rules. The L-HHS-ED bill contains several programs that are exempt from sequestration, including Medicaid, payments to health care trust funds, Supplemental Security Income, Special Benefits for Disabled Coal Miners, retirement pay and medical benefits for commissioned Public Health Service officers, foster care and adoption assistance, and certain family support payments. The L-HHS-ED bill also contains several programs that are subject to special rules under sequestration, such as unemployment compensation, certain student loans, health centers, and portions of Medicare.[21]

FY2013 Budget Resolution and 302(b) Allocations

On June 12, 2012, the Senate Committee on Appropriations adopted revised FY2013 funding caps (commonly referred to as 302(b) allocations) for each appropriations subcommittee, including L-HHS-ED (see **Table 3**).[22] These allocations are based on the Senate's FY2013 aggregate and committee spending caps (commonly referred to as 302(a) allocations). The 302(a) allocations were established and made enforceable in the Senate via a so-called "deeming resolution" filed in the *Congressional Record* on March 20, 2012, by Senate Budget Committee

[19] In addition, OMB took into account non-exempt funding provided by FY2013 supplemental appropriations laws and outside the annual appropriations process via direct spending budget authority.

[20] For L-HHS-ED, total amounts subject to the sequester at the time of the March 1 order included non-exempt funds provided by the FY2013 CR (P.L. 112-175) and the Disaster Relief Appropriations Act, 2013 (P.L. 113-2), as well as non-exempt funds provided outside the annual appropriations process via direct spending budget authority. For an illustrative list of these reductions at the account level, see "OMB Report to the Congress on the Joint Committee Sequestration for FY2013," March 1, 2013, http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13ombjcsequestrationreport.pdf. OMB has not released this information at the program, project, or activity level.

[21] For more information, see CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*, coordinated by Karen Spar.

[22] It is common for 302(b) allocations to be revised throughout the year to reflect action on appropriations bills and changes in congressional priorities. For FY2013, for instance, the Senate has issued several 302(b) reports: S.Rept. 112-156 on April 19th, S.Rept. 112-160 on April 25th, and S.Rept. 112-175 on June 12th.

Chairman Kent Conrad.[23] Separately, several concurrent resolutions on the FY2013 budget have been brought to the floor in the Senate, but each has been rejected on a motion to proceed.[24]

Meanwhile, on April 17, 2012, the House agreed to H.Res. 614, a special rule deeming the House-passed budget resolution for FY2013 (H.Con.Res. 112) as enforceable, pending the adoption by the House and Senate of a budget resolution for FY2013. On May 8, the House agreed to H.Res. 643, which amended H.Res. 614 by inserting enforceable aggregate and committee spending levels—302(a) allocations—that were originally included in the committee report accompanying H.Con.Res. 112 (H.Rept. 112-421). On the basis of these 302(a) allocations, the House Committee on Appropriations has reported out FY2013 spending caps—302(b) allocations—for each appropriations subcommittee. Most recently, the House reported revised 302(b) allocations on May 22, 2012 (see **Table 3**).[25]

Notably, the FY2013 spending caps established in the House are lower than those established in the Senate. The allocation gap could create a challenge in reconciling FY2013 legislation drafted by the House and Senate subcommittees. See **Table 3** for an overview of the L-HHS-ED 302(b) allocations for FY2013, as compared to the Senate committee bill for FY2013 and comparable FY2012 appropriations subject to that year's 302(b).[26] Note that budget enforcement caps are applied to budget authority *available in the current fiscal year* (excluding emergency funding), adjusted for scorekeeping by the Congressional Budget Office. As such, totals shown in this table may not match other totals shown in this report.

Table 3. FY2013 Discretionary 302(b) Allocations and Status of Comparable Appropriations for L-HHS-ED

(BA in billions of dollars)

FY2012 Comparable	FY2013 House Allocation	FY2013 Senate Allocation	FY2013 Senate Cmte. Bill (S. 3295/112th)
156.8	150.0	157.7	158.8[a]

Source: The FY2012 number reflects the amount of appropriated discretionary budget authority that was subject to the FY2012 cap for L-HHS-ED, as reported in March 2012 by the Congressional Budget Office in discretionary appropriations status publications for FY2012 (http://www.cbo.gov/topics/budget/appropriations). The FY2013 House allocation is from H.Rept. 112-489, reported on May 22, 2012. The FY2013 Senate allocation is from S.Rept. 112-175, reported on June 12, 2012. The FY2013 Senate committee bill (S. 3295) amount is from S.Rept. 112-176, reported on June 14, 2012.

Notes: BA = budget authority. BA subject to discretionary 302(b) allocations represents current year budget authority (not total budget authority in the bill), adjusted for scorekeeping.

a. The Budget Control Act allows for an increase in the caps for additional BA provided for program integrity initiatives aimed at reducing improper benefit payments in Disability Insurance and Supplemental Security Income programs, Medicare, Medicaid, and the Children's Health Insurance Program. S. 3295 provides $1.05 billion for program integrity initiatives and p. 239 of S.Rept. 112-176 indicates the Senate Appropriations Committee's expectation that the Senate Budget Committee will file a revised Section 302(a) allocation for the Committee on Appropriations reflecting an upward adjustment of $1.05 billion in BA.

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[23] Both the requirement that the Senate Budget Committee chair file these spending caps and the requirement that these levels be enforceable in the Senate result from the BCA (Section 106(b)(2)). For additional information, see CRS Report RL31443, *The "Deeming Resolution": A Budget Enforcement Tool*, by Megan S. Lynch.

[24] These include H.Con.Res. 112 (as passed by the House), as well as S.Con.Res. 37, S.Con.Res. 41, S.Con.Res. 42, and S.Con.Res. 44.

[25] See H.Rept. 112-489.

[26] Not all funds are subject to 302(b) budget enforcement caps. For instance, new budget authority designated in appropriations legislation as necessary to meet emergency needs is generally exempt from these caps.

Department of Labor (DOL)

Note that all figures in this section are based on regular L-HHS-ED appropriations only; they do not include funds provided outside of the annual appropriations process (e.g., direct appropriations for Unemployment Insurance benefits payments). All amounts in this section are rounded to the nearest million or billion (as labeled). The dollar changes and percent changes discussed in the text are based on unrounded amounts.

DOL Entities Funded Via the L-HHS-ED Appropriations Process

Employment and Training Administration (ETA)
Employee Benefits Security Administration (EBSA)
Wage and Hour Division (WHD)
Office of Federal Contract Compliance Programs (OFCCP)
Office of Labor-Management Standards (OLMS)
Office of Workers' Compensation Programs (OWCP)
Occupational Safety and Health Administration (OSHA)
Mine Safety and Health Administration (MSHA)
Bureau of Labor Statistics (BLS)
Office of Disability Employment Policy (ODEP)
Departmental Management (DM)[27]

About DOL

DOL is a federal department comprised of multiple entities that provide services related to employment and training, worker protection, income security, and contract enforcement. Annual L-HHS-ED appropriations laws direct funding to all DOL entities (see box for all entities supported by the L-HHS-ED bill).[28] The DOL entities fall primarily into two main functional areas—workforce development and worker protection. First, there are several DOL entities that administer workforce employment and training programs, such as the Workforce Investment Act (WIA) state formula grant programs, Job Corps, and the Employment Service, that provide direct funding for employment activities or administration of income security programs (e.g., for the Unemployment Insurance benefits program). Also included in this area is the Veterans' Employment and Training Service (VETS), which provides employment services specifically for the veteran population. Second, there are several agencies that provide various worker protection services. For example, the Occupational Safety and Health Administration (OSHA), the Mine Safety and Health Administration (MSHA), and the Wage and Hour Division provide different types of regulation and oversight of working conditions. DOL entities focused on worker protection provide services to ensure worker safety, adherence to wage and overtime laws, and contract compliance, among other duties. In addition to these two main functional areas, the Bureau of Labor Statistics (BLS) collects data and provides analysis on the labor market and related labor issues.

FY2013 DOL Appropriations Overview

The FY2013 Senate committee bill from the 112th Congress (S. 3295, S.Rept. 112-176) would have provided $14.68 billion in combined mandatory and discretionary funding for DOL. This amount is $28 million (-0.2%) less than the comparable FY2012 funding level of $14.71 billion and $358 million (+2.5%) more than the FY2013 President's Budget request of $14.32 billion, based on estimates reported in S.Rept. 112-176. (See **Table 4**.) Of the total recommended for DOL in the FY2013 Senate committee bill, roughly $12.34 billion (84%) would have been

[27] Departmental Management includes the Veterans Employment and Training Service (VETS), IT Modernization, and the Office of the Inspector General.

[28] The Pension Benefit Guaranty Corporation (PBGC) is funded primarily through insurance premiums and related fees from companies covered by the PBGC.

discretionary. This amount is $211 million (-1.7%) less than the estimated discretionary funding level for FY2012 ($12.55 billion) and $358 million (+3.0%) more than the discretionary total requested in the FY2013 President's Budget.

Table 4. DOL Appropriations Overview

(billions of dollars)

Funding	FY2012 Comparable	FY2013 Request	FY2013 Senate Committee (S. 3295/112th)
Discretionary	12.55	11.98	12.34
Mandatory	2.16	2.34	2.34
Total BA Provided in the Bill	**14.71**	**14.32**	**14.68**

Source: All amounts in this table are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

Selected DOL Highlights from FY2013 Appropriations Action

The following are some DOL highlights from the FY2013 Senate committee bill from the 112th Congress (S. 3295) compared to comparable FY2012 funding levels and proposed funding levels from the FY2013 President's Budget.[29]

Employment and Training Administration (ETA)

The FY2013 Senate committee bill would have continued a provision started in the FY2011 appropriations law, which limits the governors' reserve of WIA state formula grants to 5% of the total received from the three state formula grants—Adult, Youth, and Dislocated Workers. The statutory limit is 15%, but the FY2011 appropriations law reduced this to 5% and the FY2012 appropriations law maintained this provision. The FY2013 Senate committee bill would, however, have added new language allowing governors to reserve up to 10% of the three WIA state formula grants if half of that total reserve is used to support on-the-job and incumbent worker training to prevent layoffs or increase employment. The three state formula grant programs would have been funded at $2.6 billion in the FY2013 Senate committee bill, the same funding level in FY2012.

The FY2013 Senate committee bill would have maintained flat funding ($49.9 million) relative to FY2012 for the Workforce Innovation Fund (WIF). The WIF was created in the FY2011 appropriations law (P.L. 112-10) in response to a request from the FY2011 President's Budget. It

[29] DOL budget materials can be found at http://www.dol.gov/dol/aboutdol/main.htm#budget. OMB budget materials can be found at http://www.whitehouse.gov/omb/budget. For detailed information on the DOL funding levels recommended by the FY2013 Senate committee bill, as compared to FY2012 comparable and the FY2013 request, see the committee report accompanying the bill (S.Rept. 112-176), which can be found at http://www.gpo.gov/fdsys/pkg/CRPT-112srpt176/pdf/CRPT-112srpt176.pdf

provides competitive grants for innovative approaches to workforce development. The Senate committee bill would have added language to allow a portion of WIF funding to be used for Pay for Success pilot programs, which provide performance-based awards to entities delivering employment and training services with effective outcomes.[30]

Adopting a proposal from the President's budget request, the FY2013 Senate committee bill would have eliminated funding for two current programs—Pilots, Demonstrations, and Research (-$6.6 million); and Evaluation (-$9.6 million). Instead of funding research and evaluation activities through the aforementioned programs, the Senate committee bill (consistent with the President's request) would have implemented a 0.5% set-aside of funds from appropriations for WIA, Job Corps, and the Employment Service for these activities.

Finally, the FY2013 Senate committee bill included $75 million (an increase of $15 million from FY2012) within the State Unemployment Insurance and Employment Service Operations (SUIESO) account to conduct in-person re-employment and eligibility assessments and to conduct Unemployment Insurance (UI) improper payment reviews.

Wage and Hour Division (WHD)

The FY2013 Senate committee bill would have provided $237.7 million for salaries and expenses of the WHD. This amount is approximately $10 million more than the FY2012 level. The committee report indicated that the increase was intended to support the WHD's initiative to detect and deter employee misclassification and to increase oversight of the minimum wage provisions in Section 14(c) of the Fair Labor Standards Act (FLSA). Regarding misclassification, at issue is whether workers are classified as "independent contractors" inappropriately, which has implications for these employees' access to benefits and protections extended to regular wage and salary employees. Section 14(c) of the FLSA allows DOL to issue certificates to organizations that permit them to pay subminimum wages to workers with disabilities.

Bureau of Labor Statistics (BLS)

The FY2013 Senate committee bill would have provided $619 million for BLS, an increase of nearly $10 million over the FY2012 level and would have directed the Secretary of Labor to conduct a comprehensive assessment of the proper purpose, structure, and methods of the Federal-State cooperative statistics system. This cooperative system includes BLS, ETA, and state labor market information agencies, among other entities. In addition, the Senate committee bill expressed support for the National Longitudinal Surveys (NLS) program and recommended that data collection in the NLS occur not less than biennially.

Veterans Employment and Training (VETS)

The FY2013 Senate committee bill would have provided $262.8 million for VETS, a decrease of about $1.6 million compared to the FY2012 appropriation, but an increase of about $4 million compared to the President's FY2013 budget request. Within VETS, however, the Senate committee bill would have increased funding for the Transition Assistance Program (TAP), which provides employment information and related services to military members transitioning to the civilian sector, from nearly $9 million in FY2012 to $14 million in FY2013. The proposed

[30] The FY2013 Senate L-HHS-ED bill contains similar funding provisions for Pay for Success programs in other titles, including the Department of Education and Related Agencies.

increase in TAP funding reflects the expected increase in the number of transitioning service members.

Department of Health and Human Services (HHS)

Note that all figures in this section are based on regular L-HHS-ED appropriations only; they do not include funds for HHS agencies provided through other appropriations bills (e.g., funding for the Food and Drug Administration) or outside of the annual appropriations process (e.g., direct appropriations for Medicare or pre-appropriated mandatory funds provided by authorizing laws, such as the Patient Protection and Affordable Care Act [ACA, P.L. 111-148]).[31] All amounts in this section are rounded to the nearest million or billion (as labeled). The dollar changes and percent changes discussed in the text are based on unrounded amounts.

HHS Agencies Funded Via the L-HHS-ED Appropriations Process

Health Resources and Services Administration (HRSA)

Centers for Disease Control and Prevention (CDC)

National Institutes of Health (NIH)

Substance Abuse and Mental Health Services Administration (SAMHSA)

Agency for Healthcare Research and Quality (AHRQ)

Centers for Medicare & Medicaid Services (CMS)

Administration for Children and Families (ACF)

Administration for Community Living (ACL)

Office of the Secretary (OS)

About HHS

HHS is a sprawling federal department comprised of multiple agencies working to enhance the health and well-being of Americans. Annual L-HHS-ED appropriations laws direct funding to most (but not all) HHS agencies (see box for all agencies supported by the L-HHS-ED bill).[32] For instance, the L-HHS-ED bill directs funding to five Public Health Service (PHS) agencies: HRSA, CDC, NIH, SAMHSA, and AHRQ.[33] These public health agencies support diverse missions, ranging from the provision of health care services and supports (e.g., HRSA, SAMHSA), to the advancement of health care quality and medical research (e.g., AHRQ, NIH), to the prevention and control of infectious and chronic disease (e.g., CDC). In addition, the L-HHS-ED bill provides funding for annually appropriated components[34] of CMS, which is the HHS agency responsible for the administration of Medicare, Medicaid, and the State Children's Health Insurance Program (CHIP), and consumer protections and private health insurance provisions of the ACA. The L-HHS-ED bill also provides funding for two HHS agencies focused

[31] The ACA was subsequently amended by the Health Care and Education Reconciliation Act (P.L. 111-152). These two laws are collectively referred to as the ACA in this report. (Previous CRS reports on the Patient Protection and Affordable Care Act used the acronym PPACA to refer to the statute, but newer reports will use "ACA," in conformance with the more widely-used acronym for the law.) For information on funding directly appropriated by ACA, see the tables in CRS Report R41301, *Appropriations and Fund Transfers in the Patient Protection and Affordable Care Act (ACA)*, by C. Stephen Redhead.

[32] Three HHS public health agencies receive annual funding from appropriations bills other than the L-HHS-ED bill: the Food and Drug Administration (Agriculture appropriations bill), the Indian Health Service (Interior-Environment appropriations bill), and the Agency for Toxic Substances and Disease Registry (Interior-Environment appropriations bill).

[33] For more information on HHS PHS agencies, see CRS Report R41737, *Public Health Service (PHS) Agencies: Overview and Funding, FY2010-FY2012*, coordinated by C. Stephen Redhead and Pamela W. Smith.

[34] Much of the funding for CMS activities is directly appropriated in authorizing legislation and thus is not subject to the annual appropriations process.

primarily on the provision of social services: ACF and ACL. The mission of ACF is to promote the economic and social well-being of vulnerable children, youth, families, and communities. Meanwhile, ACL was formed with a goal of increasing access to community supports for older Americans and people with disabilities. Notably, ACL is a new agency within HHS—it was established in April 2012 and brings together the Administration on Aging, the Office of Disability, and the Administration on Developmental Disabilities (renamed the Administration on Intellectual and Developmental Disabilities) into one agency.[35] Finally, the L-HHS-ED bill also provides funding for the HHS Office of the Secretary, which encompasses a broad array of management, research, oversight, and emergency preparedness functions in support of the entire department.

FY2013 HHS Appropriations Overview

The FY2013 L-HHS-ED bill reported by the Senate Committee on Appropriations in the 112th Congress (S. 3295, S.Rept. 112-176) would have provided $621.6 billion in combined mandatory and discretionary funding for HHS. This amount is $32.3 billion (+5.5%) more than the comparable FY2012 funding level of $589.3 billion and $1.0 billion (+0.2%) more than the FY2013 President's Budget request of $620.6 billion, based on estimates reported in S.Rept. 112-176. (See **Table 5**.) Of the total recommended for HHS in the FY2013 Senate committee bill, roughly $71.0 billion (11.4%) would have been discretionary. This amount is $1.4 billion (+2.0%) more than the estimated discretionary funding level for FY2012 ($69.6 billion) and $1.0 billion (+1.4%) more than the discretionary total requested in the FY2013 President's Budget ($70.0 billion).

Table 5. HHS Appropriations Overview

(billions of dollars)

Funding	FY2012 Comparable	FY2013 Request	FY2013 Senate Committee (S. 3295/112th)
Discretionary	69.6	70.0	71.0
Mandatory	519.7	550.6	550.6
Total BA Provided in the Bill	**589.3**	**620.6**	**621.6**

Source: All amounts in this table are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

Annual HHS appropriations are dominated by mandatory funding, the majority of which goes to CMS to provide Medicaid benefits and payments to health care trust funds. When taking into account both mandatory and discretionary funding, CMS accounts for roughly 87% of all HHS appropriations in FY2012 and in both FY2013 proposals (i.e., the President's Budget and the Senate bill). The PHS agencies combine for the next-largest share of total HHS appropriations,

[35] See the Secretary's press release from April 16, 2012: http://www.hhs.gov/news/press/2012pres/04/20120416a.html. For more information on the ACL, see http://www.hhs.gov/acl/.

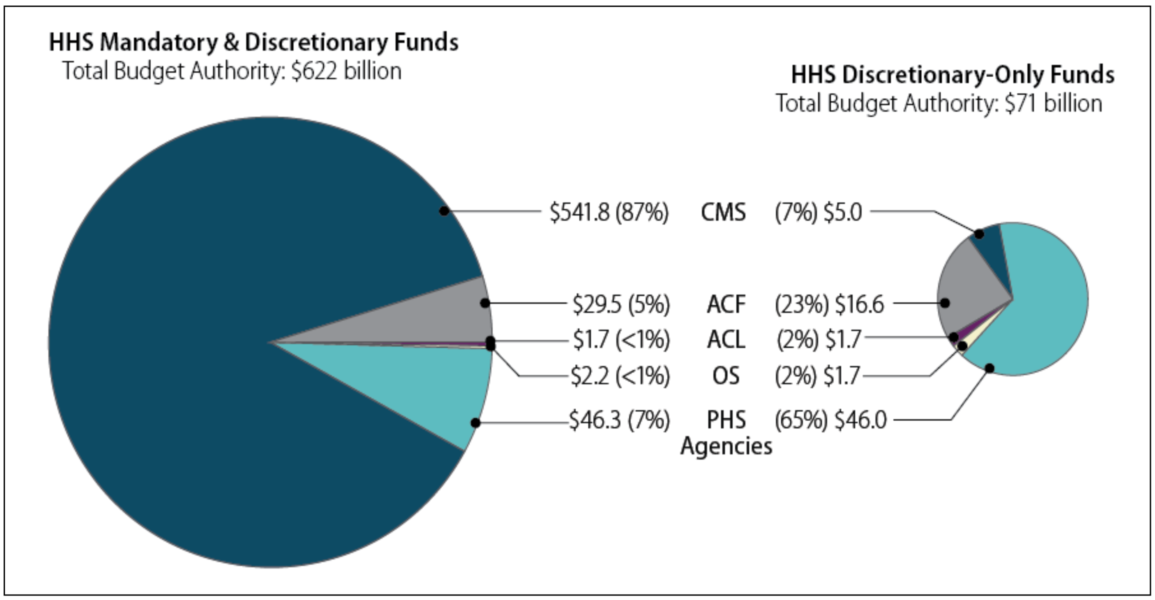
accounting for an estimated 8% of total HHS appropriations in FY2012 and 7% of total HHS funding in both FY2013 proposals.

By contrast, when looking exclusively at discretionary appropriations, CMS constitutes 6% to 8% of total discretionary HHS appropriations in FY2012 and in the FY2013 proposals. In fact, the PHS agencies receive the dominant share of discretionary HHS funding, estimated at 64% to 66% of total discretionary appropriations in FY2012 and the FY2013 proposals. NIH traditionally receives the largest share of all discretionary funding among HHS agencies (43% to 44% in FY2012 and the FY2013 proposals), with ACF accounting for the second-largest share of all discretionary HHS appropriations (23% in FY2012 and both FY2013 proposals).

See **Figure 3** for an agency-level breakdown of HHS appropriations (combined mandatory and discretionary) in the FY2013 Senate committee bill.

Figure 3. FY2013 HHS Appropriations, by Agency, as Proposed in S. 3295 in the 112th Congress

(BA in billions of dollars)



Source: All amounts in this figure are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

Selected HHS Highlights from FY2013 Appropriations Actions[36]

This section discusses several important aspects of discretionary HHS appropriations. First, it provides an introduction to two special funding mechanisms included in the public health budget,

[36] For a full list of HHS proposals from the President's Budget, see FY2013 budget documents prepared by HHS and

the Public Health Service Evaluation Set-Aside and the Prevention and Public Health Fund. Next, it reviews a limited selection of FY2013 discretionary funding highlights across HHS. Finally, the section concludes with a brief overview of significant provisions from annual HHS appropriations laws that restrict spending in certain controversial areas, such as abortion and stem cell research.

Public Health Service Evaluation Tap

A unique budget feature of some of the agencies and programs in HHS is their receipt of funding from the Public Health Service (PHS) Evaluation Set-Aside program, also known as the PHS Evaluation Tap.[37] The tap provides more than a dozen HHS programs with funding beyond their regular appropriations (or in a few cases, programs may be funded, or requested for funding, entirely from the tap). The PHS Evaluation Tap allows the Secretary of HHS to redistribute a portion of eligible PHS agency appropriations for program evaluation purposes across HHS. In the annual L-HHS-ED act, Congress specifies the maximum percentage for the set-aside, and also directs specific amounts of funding from the tap to a number of HHS programs.

The set-aside level for FY2012 was 2.5% of eligible appropriations, making just over $1.0 billion available for transfer among programs. The FY2013 President's Budget proposed to increase the set-aside to 3.2%, which would have made nearly $1.4 billion available for reallocation under the President's proposed FY2013 funding levels. The proposed uses of the extra tap funding included increasing overall program support in some cases, and replacing regular appropriations with tap funding in other cases. In S. 3295 (112th Congress), the Senate Appropriations Committee rejected the proposed increase and maintained the tap at 2.5% "because of concern about the effect of this proposal on PHS Act agencies that are used as a source of evaluation transfers, most notably NIH."[38]

Prevention and Public Health Fund

The Patient Protection and Affordable Care Act (ACA) established three multi-billion dollar trust funds to support programs and activities within the PHS agencies. One of these, the Prevention and Public Health Fund (PPHF, ACA Section 4002, as amended), is intended to provide support each year to prevention, wellness, and other public health programs and activities authorized under the PHS Act. For FY2013, the ACA pre-appropriated $1.25 billion in mandatory funds, but Congress subsequently amended the ACA to decrease FY2013 the pre-appropriations to $1.0 billion.[39] The PPHF funds are available for transfer to agencies and programs as specified by Congress in the L-HHS-ED appropriations bill. The FY2013 President's Budget included the Administration's suggested allocations of the mandatory PPHF money; the Senate Appropriations Committee bill from the 112th Congress approved some of the amounts and adjusted others.[40]

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the Office of Management and Budget (OMB). HHS budget materials can be found at http://www.hhs.gov/budget/. OMB budget materials can be found at http://www.whitehouse.gov/omb/budget. For detailed information on the HHS funding levels recommended by the FY2013 Senate committee bill, as compared to FY2012 comparable and the FY2013 request, see the committee report accompanying the bill (S.Rept. 112-176), which can be found at http://www.gpo.gov/fdsys/pkg/CRPT-112srpt176/pdf/CRPT-112srpt176.pdf.

[37] The PHS Evaluation Tap is authorized in §241 of the PHS Act (42 U.S.C. §238j).

[38] S.Rept. 112-176 on S. 3295, p. 41.

[39] See Section 3205 of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96), which also decreased pre-appropriated PPHF funding for each of FY2013-FY2021.

[40] At the time the President's request was prepared, the amount available for FY2013 from the PPHF was the original ACA-enacted level of $1.25 billion. Subsequently, in February 2012, Congress amended ACA to decrease the appropriated amounts for FY2013-FY2021 (Middle Class Tax Relief and Job Creation Act of 2012, P.L. 112-96,

The PPHF money is intended to supplement, sometimes quite substantially, the funding that selected programs receive through regular appropriations. Examples in S. 3295 (112th Congress) include $280 million for CDC's Community Transformation Grants (funded entirely from the PPHF), nearly $62 million for various CDC infectious disease programs, $88 million for four SAMHSA programs, and $10 million for ACL and CDC programs on Elderly Falls Prevention.[41]

HHS Highlights by Program Area

The discussion below reviews a limited selection of FY2013 discretionary funding highlights for programs supported by the HHS public health agencies, as well as programs administered by CMS, ACF, and ACL. The discussion is based on the FY2013 Senate committee bill from the 112th Congress (S. 3295) compared to comparable FY2012 funding levels and proposed funding levels from the FY2013 President's Budget.

Public Health Service Agencies

The Senate committee report accompanying the Senate committee bill discussed FY2013 funding amounts for the five public health agencies covered in the bill in terms of the total of three different funding streams: (1) new budget authority provided in the bill (both discretionary and mandatory appropriations); (2) evaluation tap funds transferred to agency programs;[42] and (3) funding that the Administration and the committee would allocate to agencies from the Prevention and Public Health Fund. Inclusion of the latter two categories is important because for certain programs, support previously provided through regular appropriations has been proposed by the Administration to be replaced by one or both of the other funding streams. Based on committee recommendations presented in the report, the committee did not generally approve of this approach.

Considering new BA only, the Senate committee bill would have provided small increases compared to FY2012 for HRSA, CDC, and NIH, and a small decrease for SAMHSA. AHRQ funding, provided entirely from the evaluation tap, would have decreased from the FY2012 level. By contrast, the FY2013 President's Budget had proposed flat funding for NIH and decreases for each of the other four agencies.

Selected PHS highlights of the Senate committee bill include

- an emphasis on disease prevention and health promotion, especially through CDC programs such as those for childhood immunizations, prevention of diabetes, obesity, and smoking, work on cognitive health and cognitive impairment, and food safety;
- support of medical research and innovation, including $30.7 billion for NIH, an overall increase of $100 million (+0.3%) from FY2012, which included a $30 million boost for the Cures Acceleration Network that fosters translational medicine;
- maintenance of funding levels for some HRSA programs that the Administration had proposed decreasing or eliminating, such as the Children's Hospitals Graduate Medical Education program (maintained at $265 million), Community

Section 3205).

[41] See S.Rept. 112-176. pp. 155-156.

[42] By convention, such totals do not subtract the amount of the evaluation tap from donor agencies' appropriations.

Health Centers (maintained at $1.567 billion), and Area Health Education Centers (maintained at $27 million);

- increases to certain HRSA programs, including $2.397 billion in BA for Ryan White AIDS programs (+1.3% from FY2012, -2.0% from the FY2013 President's request) and $144 million for Rural Health programs (+4.3% from FY2012, +17.9% from the FY2013 request); and
- increases of $20 million each for the two SAMHSA block grants, recommending $459 million in BA for the Community Mental Health Services Block Grant (+4.6% from FY2012, +4.6% from the FY2013 President's request) and $1.741 billion in BA for the Substance Abuse Prevention and Treatment Block Grant (+1.2% from FY2012, +26.5% from the FY2013 request). The committee did not approve funding requested by the Administration to create new State Prevention Grant programs in both mental health and substance abuse.

CMS[43]

The FY2013 Senate committee bill would have provided increases in both of the discretionary appropriations accounts at CMS. The bill would have provided $610 million for Health Care Fraud and Abuse Control activities (+97% from FY2012, the same level requested in the FY2013 President's Budget).[44] In addition, the bill would have provided $4.37 billion for CMS Program Management (+14% from FY2012, -9% from the FY2013 President's request). According to the committee report (S.Rept. 112-176) accompanying the bill, the bulk of these funds ($3.16 billion) would have been directed toward program operations. The report stated that program operations funds were intended to be used for program safeguard expenditures to Medicare contractors, ACA implementation, and to address increased demand for services that will result from Medicare population growth.

ACF

The FY2013 Senate committee bill demonstrated an interest in supporting early childhood care and education programs administered by ACF, including Head Start and the Child Care and Development Block Grant (CCDBG).[45] The bill would have provided $8.04 billion for Head Start (+0.9% from FY2012, -0.2% from the FY2013 President's request), directing the proposed increase toward cost-of-living adjustments (estimated at roughly 0.6%) for current grantees and transition costs associated with the program's new Designation Renewal System, through which low-performing grantees are identified and required to re-compete for funding. The Senate committee bill would also have increased funding for the CCDBG, recommending an FY2013 funding level of $2.44 billion (+7% from FY2012, -6% from the FY2013 President's request) and

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[43] For additional background on the FY2013 President's Budget request for CMS, see CRS Report R42368, *Centers for Medicare & Medicaid Services: President's FY2013 Budget*, coordinated by Alison Mitchell and Paulette C. Morgan.

[44] Of this total, roughly $311 million is considered "base" funding, while the remaining $299 million is provided through a cap adjustment authorized by Section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the BCA. For more information, see S.Rept. 112-176, p. 124. For more information on CMS program integrity efforts, see CRS Report RL34217, *Medicare Program Integrity: Activities to Protect Medicare from Payment Errors, Fraud, and Abuse*, by Cliff Binder.

[45] For additional information on background and funding for such programs, see CRS Report R40212, *Early Childhood Care and Education Programs: Background and Funding*, by Karen E. Lynch and Gail McCallion.

specifying that a portion of the increase go toward new formula grants for the improvement of the early childhood care and education workforce.

ACL[46]

The Senate committee bill would have provided roughly $30 million (+1% from FY2012) for ACL Program Administration. This is the same funding level requested by the President's Budget, with amounts adjusted for comparability to reflect the administrative costs, including salaries and oversight, of all components of the newly created ACL (e.g., Administration on Aging, Office of Disability, and Administration on Intellectual and Developmental Disabilities). In addition, the Senate committee bill would have provided new funding of $8 million for Adult Protective Services State Demonstration Projects to be administered by ACL. This is the same amount the Administration requested for FY2013. These demonstration grants are authorized by the Elder Justice Act to provide competitive grants to states for testing innovative approaches for detecting and preventing elder abuse and exploitation.[47]

The Senate committee bill would have rejected the FY2013 President's Budget proposal to transfer the Community Service Employment for Older Americans program from the Department of Labor to HHS/ACL, but would have accepted the Administration's proposal to transfer the State Health Insurance Programs (SHIPs) from CMS to ACL. SHIPs, which the Senate committee bill would have funded at $52 million (the same level as FY2012 and the FY2013 request), provide one-on-one counseling and information assistance to Medicare beneficiaries and their families on Medicare and other health insurance issues. In accepting the proposal to transfer SHIPs to ACL, the committee report noted that many SHIPs are already housed in, or are partnered with, area agencies on aging.[48]

Funding Restrictions Related to Certain Controversial Issues

Annual L-HHS-ED appropriations regularly contain restrictions related to certain controversial issues. For instance, annual appropriations laws generally include provisions limiting the circumstances under which L-HHS-ED funds (including Medicaid funds) may be used to pay for abortions. Under current provisions, (1) abortions may be funded only when the life of the mother is endangered or in cases of rape or incest; (2) funds may not be used to buy a managed care package that includes abortion coverage, except in cases of rape, incest, or endangerment; and (3) federal programs and state/local governments that receive L-HHS-ED funding are prohibited from discriminating against health care entities that do not provide or pay for abortions or abortion services.[49] Similarly, annual appropriations since FY1997 have included a provision prohibiting L-HHS-ED funds (including NIH funds) from being used to create human embryos

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[46] For additional information on funding for certain ACL-administered programs, see CRS Report RL33880, *Funding for the Older Americans Act and Other Aging Services Programs*, by Angela Napili and Kirsten J. Colello.

[47] See Title XX, Section 2042, of the Social Security Act, as amended by the ACA Section 6703.

[48] S.Rept. 112-176, p. 143-144.

[49] The current provisions, commonly referred to as the Hyde and Weldon Amendments, can be found in §506 and §507 of P.L. 112-74, Division F. For additional information, please see CRS Report RL33467, *Abortion: Judicial History and Legislative Response*, by Jon O. Shimabukuro.

for research purposes or for research in which human embryos are destroyed.[50] The Senate committee bill would have maintained each of these provisions for FY2013.[51]

In addition, the FY2012 law reinstated a provision, removed in FY2010, prohibiting L-HHS-ED funds from being used for needle exchange programs.[52] The FY2013 Senate bill would have modified this provision.[53] The FY2012 law also expanded a provision prohibiting CDC spending on activities that advocate or promote gun control so that it applied to all HHS appropriations and added a new, broader provision prohibiting the use of any L-HHS-ED funds (plus funds transferred from the Prevention and Public Health Fund) for the promotion of gun control.[54] The FY2013 Senate committee bill would have eliminated the HHS-only prohibition on use of funds for gun control, but maintained the broader (L-HHS-ED-wide) prohibition against activities to advocate or promote gun control.[55]

Department of Education (ED)

Note that all figures in this section are based on regular L-HHS-ED appropriations only; they do not include funds provided outside of the annual appropriations process (e.g., certain direct appropriations for Federal Direct Student Loans and Pell Grants). All amounts in this section are rounded to the nearest million or billion (as labeled). The dollar changes and percent changes discussed in the text are based on unrounded amounts.

About ED

The federal government provides roughly 9% of overall funding for elementary and secondary education; the vast majority of funding comes from states and local districts.[56] States and school districts also have primary responsibility for the provision of elementary and secondary education in the United States. Nevertheless, the United States Department of Education (ED) performs numerous functions, including promoting educational standards and accountability; gathering education data via programs such as the National Assessment of Education Progress; disseminating research on important education issues; and administering federal education programs and policies. ED is responsible for administering a large number of elementary and secondary education programs, many of which provide direct support to school districts with a high concentration of disadvantaged students and students with disabilities. One of the most important priorities for ED in elementary and secondary education is improving academic outcomes for all students; particularly disadvantaged students, students with disabilities, English language learners, Indians, Native Hawaiians, and Alaska Natives. With regard to higher education, the federal government supports roughly 74% of all direct aid provided to students to

[50] The current provision, commonly referred to as the Dickey Amendment, can be found in §508 of P.L. 112-74, Division F. For additional information, please see CRS Report RL33554, *Stem Cell Research: Ethical and Legal Issues*, by Erin D. Williams, Edward C. Liu, and Judith A. Johnson, and CRS Report RL33540, *Stem Cell Research: Science, Federal Research Funding, and Regulatory Oversight*, by Judith A. Johnson and Edward C. Liu.

[51] For continuation of the Hyde and Weldon Amendments, see Sections 506 and 507 of S. 3295, Title V. For continuation of the Dickey Amendment, see Section 508 of S. 3295, Title V.

[52] See §523 of P.L. 112-74, Division F

[53] See Section 520 of S. 3295, Title V.

[54] See §218 (HHS), and §503(c) (all L-HHS-ED, plus PPHF transfers) of P.L. 112-74, Division F.

[55] See Section 503 (gun control) of S. 3295, Title V.

[56] U.S. Government Accountability Office, *Federal Education Funding: Overview of K-12 and Early Childhood Education Programs*, GAO-10-51, January 2010, p. 1.

finance their postsecondary education.[57] There are also many higher education programs administered by ED—the largest are those providing financial aid to facilitate college access, primarily through student loans and the Pell grant program. In addition, ED administers programs that address vocational rehabilitation, career and technical education, and adult education.

FY2013 ED Appropriations Overview

The FY2013 L-HHS-ED bill reported by the Senate Committee on Appropriations in the 112th Congress (S. 3295, S.Rept. 112-176) would have provided $71.8 billion in combined mandatory and discretionary funding for ED. This amount is $517 million (+ 0.7%) more than the comparable FY2012 funding level of $71.2 billion and $1.4 billion (-1.9%) less than the FY2013 President's Budget request of $73.1 billion, based on estimates reported in S.Rept. 112-176.[58] (See **Table 6**.) Of the total recommended for ED in the FY2013 Senate committee bill, roughly $68.5 billion (95%) would have been discretionary. This amount is $408 million (+0.6 %) more than the discretionary funding level for FY2012 ($68.1 billion) and $1.4 billion (-2.0%) less than the discretionary total requested in the FY2013 President's Budget.

Table 6. ED Appropriations Overview: Combined Mandatory and Discretionary

(billions of dollars)

Funding	FY2012 Comparable	FY2013 Request	FY2013 Senate Committee (S. 3295/112th)
Discretionary	68.1	69.9	68.5
Mandatory	3.1	3.2	3.2
Total BA Provided in the Bill	**71.2**	**73.1**	**71.8**

Source: All amounts in this table are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

Selected ED Highlights from FY2013 Appropriations Actions[59]

The following are some ED highlights from the FY2013 Senate committee bill from the 112th Congress (S. 3295) as compared to comparable FY2012 funding levels and proposed funding

[57] For more information on funding for student aid, visit http://trends.collegeboard.org/downloads/student_aid/PDF/Trends_in_Student_Aid_2011_Total_Aid_Adjusted_for_Inflation.pdf.

[58] Estimates for total and discretionary ED funding under the FY2013 President's Budget may vary due to differing treatment of a proposed discretionary modification to Vocational Rehabilitation State Grants.

[59] ED budget materials can be found at http://www2.ed.gov/about/overview/budget/budget13/index.html?src=ct. OMB budget materials can be found at http://www.whitehouse.gov/omb/budget. For detailed information on the ED funding levels recommended in the FY2013 Senate committee bill, as compared to FY2012 comparable and the FY2013 request, see the committee report accompanying the bill (S.Rept. 112-176), which can be found at http://www.gpo.gov/fdsys/pkg/CRPT-112srpt176/pdf/CRPT-112srpt176.pdf. For more information on the FY2013 Senate committee bill see the U.S. Senate Committee on Appropriations, *Press Release on the Labor-HHS bill reported out by the full*

levels from the FY2013 President's Budget. As in FY2011 and FY2012, the FY2013 President's Budget proposed a significant reorganization of Elementary and Secondary Education Act (ESEA) programs that would consolidate many separate authorities into larger programs as part of a reauthorization of the ESEA.[60] As a result, several ESEA program titles in the FY2013 President's Budget request are not directly comparable to final FY2012 appropriations or the FY2013 Senate committee bill. Where comparable, the FY2013 President's request is included in the discussion that follows.

Education for the Disadvantaged

The FY2013 Senate committee bill would have increased funding for Education for the Disadvantaged State Grants (ESEA Title I-A) program to $14.6 billion. This amount is $100 million more (+0.7%) than the comparable FY2012 funding of $14.5 billion. The FY2013 President's budget requested level funding for the program.

Special Education

The FY2013 Senate committee bill would have provided funding of $11.7 billion for Individuals with Disabilities Act (IDEA) Grants to States, Part B. This amount is $100 million (+1%) more than the comparable FY2012 funding of $11.6 billion. The FY2013 President's Budget proposed to level fund this program. Both the FY2013 Senate committee bill and the FY2013 President's Budget would have provided funding of $463 million for IDEA Grants for Infants and Families. This amount is $20 million (+5%) more than the comparable FY2012 funding of $443 million.

The FY2013 Senate committee bill would have increased funding for the Promoting Readiness of Minors in Supplemental Security Income (PROMISE) program to $12 million. This amount is $10 million (+501%) more than the comparable FY2012 funding of $2 million. The FY2013 President's Budget would have provided $30 million in funding for the PROMISE Program.[61] The program provides competitive grants to states to fund programs to improve outcomes for children who receive Supplemental Security Income and their families.

Impact Aid

The FY2013 President's Budget would have eliminated Impact Aid Payments for Federal Property (-$67 million from FY2012).[62] According to the FY2013 President's Budget, "these payments are made to LEAs without regard to the presence of federally connected children and do not necessarily provide for educational services for such children."[63] The FY2013 Senate committee bill proposed to level fund this program.

Committee, http://www.appropriations.senate.gov/news.cfm?method=news.view&id=3c7490eb-8227-4152-84ea-2d65b683accf.

[60] For information on proposed consolidations, and the Administration's proposal for reauthorizing the ESEA, see CRS Report R41355, *Administration's Proposal to Reauthorize the Elementary and Secondary Education Act: Comparison to Current Law,* by Rebecca R. Skinner et al.

[61] The FY2013 President's Budget states that "This new program would fund pilot demonstration programs in selected States to improve coordination and increase the use of existing services for which children receiving Supplemental Security Income (SSI) payments and their families are eligible, such as those available through the IDEA, Vocational Rehabilitation, Medicaid's care coordination services, Job Corps, and Workforce Investment Act programs." http://www2.ed.gov/about/overview/budget/budget13/summary/13summary.pdf, p.36.

[62] ESEA Section 8002.

[63] http://www2.ed.gov/about/overview/budget/budget13/summary/13summary.pdf. See p. 30.

Innovation and Improvement

The FY2013 President's Budget would have increased funding for the Race to the Top program, originally authorized by the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) in FY2009.[64] It proposed to fund Race to the Top at $850 million. This amount is $301 million (+55%) more than the comparable FY2012 funding of $549 million. The FY2013 Senate committee bill would have provided a small increase of less than half a million (+0.06%) for Race to the Top. The committee report (H.Rept. 112-176) accompanying the FY2013 Senate committee bill indicated an expectation that a significant amount of FY2013 funding for Race to the Top would be used for the Early Learning Challenge (RTT-ELC) program. It also stated that the RTT-ELC program was to be administered jointly by ED and HHS.[65]

In addition, both the FY2013 Senate committee bill and the FY2013 President's Budget would have funded a new organization within ED—the Advanced Research Projects Agency—using FY2013 appropriations provided to the Investing in Innovation Fund.[66] According to the report on the Senate committee bill, this program was expected to: identify and promote advances in science and engineering that could be translated into learning technologies, evaluate new learning technologies, and help to accelerate technological advances.[67] The FY2013 Senate committee bill would have set aside up to 30% ($44.8 million) from the Investing in Innovation Fund for this new program; the FY2013 President's Budget did not specify a funding level for the program.

The FY2013 Senate committee bill would have increased funding for the Fund for the Improvement of Education (FIE) to $86 million. This amount is $20 million (+30%) more than the comparable FY2012 funding of $66 million. It would have dedicated $29 million of this amount to fund competitive awards for school libraries and childhood literacy activities. Additionally, $19 million of the FIE funding would have been used for a new STEM initiative, and $26.5 million of FIE funding would have been for the Arts in Education program. The FY2013 President's Budget would have cut funding for FIE to $36 million. This amount is $30 million (-45%) less than the comparable FY2012 funding of $66 million.

Safe Schools and Citizenship Education

Both the FY2013 Senate committee bill and the FY2013 President's Budget would have increased funding for the Promise Neighborhood program. The FY2013 Senate committee bill would have increased funding to $80 million. This amount is $20 million (+34%) more than the comparable FY2012 funding of $60 million. The FY2013 President's Budget requested $100 million, which is $40 million (+67%) more than the comparable FY2012 funding of $60 million.

The FY2013 Senate committee bill would have provided $49 million for Safe and Drug Free Schools and Communities Act—National Activities. This amount is $16 million (-25%) less than the comparable FY2012 funding of $65 million. The FY2013 President's Budget would have consolidated the program with several others; as a consequence, it is not directly comparable to either the FY2013 Senate committee bill or FY2012 funding.

[64] The FY2013 President's Budget proposes authorizing the Race to the Top program under the ESEA.

[65] http://www.gpo.gov/fdsys/pkg/CRPT-112srpt176/pdf/CRPT-112srpt176.pdf. See p. 170.

[66] The Investing in Innovation Fund was originally authorized by ARRA. The FY2013 President's Budget proposes authorizing the program through the ESEA.

[67]http://www.gpo.gov/fdsys/pkg/CRPT-112srpt176/pdf/CRPT-112srpt176.pdf. See p. 171.

Rehabilitation Services and Disability Research

The FY2013 President's Budget would have zeroed out two Rehabilitation Services and Disability Research programs, namely the Supported Employment State Grants program and the Migrant and Seasonal Farmworkers program. It proposed to transfer funding from these two programs to Vocational Rehabilitation State Grants. In addition, it would have funded Rehabilitation Services and Disability Research Training Programs at $30 million. This amount is $5 million (-15%) less than the comparable FY2012 funding of $36 million. It proposed to transfer this $5 million to Vocational Rehabilitation State Grants. The FY2013 Senate committee bill would have level funded these programs.

Higher Education

The FY2013 Senate committee bill would have increased funding for the Fund for the Improvement of Postsecondary Education (FIPSE) to $44 million. This amount is $40 million (+1,145%) more than the comparable FY2012 funding of $4 million. The FY2013 President's Budget would have provided $70 million for FIPSE. This amount is $67 million (+1,903%) more than the comparable FY2012 funding of $4 million. Of this amount, $55 million would have been used for a new program, First in the World, intended to apply lessons learned from the Investing in Innovation program toward achieving a goal of increasing the rate of college completion.

The FY2013 President's Budget proposed $1 billion for a new RTT program focused on College Affordability and Completion. The intent was for this program to provide grants to states for systemic reform initiatives to increase affordability, quality, and productivity in higher education. The FY2013 Senate committee bill did not provide funding for this program.

Related Agencies

Note that figures in this section are based on regular L-HHS-ED appropriations only; they do not include funds provided outside the annual appropriations process (e.g., direct appropriations for Old-Age, Survivors, and Disability Insurance benefit payments by the Social Security Administration). All amounts in this section are rounded to the nearest million or billion (as labeled). The dollar changes and percent changes in the text are based on unrounded amounts.

FY2013 Related Agencies Appropriations Overview

The FY2013 L-HHS-ED bill reported by the Senate Committee on Appropriations from the 112th Congress (S. 3295, S.Rept. 112-176) would have provided $69.56 billion in combined mandatory and discretionary funding for related agencies funded through this bill. This amount is $3.29 billion (+5.0%) more than the comparable FY2012 funding level of $66.26 billion and $31.95 million (-0.1%) less than the FY2012 President's Budget request of $69.59 billion, based on estimates reported in S.Rept. 112-176. (See **Table 7**.) Of the total recommended for related agencies in the FY2013 Senate committee bill, roughly $14.14 billion (20.3%) would have been discretionary. This amount is $318 million (+2.3%) more than the estimated discretionary funding level for FY2012 ($13.83 billion) and $32 million (-0.2%) less than the discretionary total requested in the FY2013 President's Budget.

Table 7. Related Agencies Appropriations Overview

(billions of dollars)

Funding	FY2012 Comparable	FY2013 Request	FY2013 Senate Committee (S. 3295/112th)
Discretionary	13.8	14.2	14.1
Mandatory	52.4	55.4	55.4
Total BA Provided in the Bill	**66.3**	**69.6**	**69.6**

Source: All amounts in this table are estimated based on the committee report (S.Rept. 112-176) accompanying the Senate committee's FY2013 L-HHS-ED appropriations bill (S. 3295 in the 112th Congress).

Notes: BA = Budget Authority. Details may not add due to rounding. Amounts in this table: (1) reflect all BA appropriated in the bill, regardless of the year in which funds become available (i.e., totals do not include advances from prior year appropriations, but do include advances for subsequent years provided in this bill); (2) have generally not been adjusted to reflect scorekeeping; (3) comprise only those funds provided (or requested) for agencies and accounts subject to the jurisdiction of the Labor, HHS, Education Subcommittee of the House and Senate Committees on Appropriations; and (4) do not include direct appropriations that occur outside of appropriations bills.

In general, the largest share of funding appropriated to related agencies in the L-HHS-ED bill goes to the Social Security Administration (SSA).[68] When taking into account both mandatory and discretionary funding, the SSA accounted for 97% of the entire related agencies appropriation in FY2012 ($64 billion). The bulk of mandatory SSA funding from the L-HHS-ED bill supports the Supplemental Security Income program ($52.4 billion in FY2012). When looking exclusively at discretionary funding, the SSA remains the largest component of the related agencies appropriation, constituting roughly 83% of discretionary funds in FY2012 ($11.5 billion). The majority of discretionary SSA funding covers administrative expenses for Social Security, SSI, and Medicare.[69]

After the SSA, the next-largest agency of the related agencies appropriation is the Corporation for National and Community Service (CNCS), which constituted roughly 2% of all funding and 8% of discretionary funding in FY2012 ($1.1 billion). Typically, each of the remaining related agencies receives less than $1 billion from the annual L-HHS-ED appropriations bill.

Selected Related Agencies Highlights from FY2013 Appropriations Actions[70]

One highlight for the related agencies section of the FY2013 Senate committee bill from the 112th Congress (S. 3295), as compared to comparable FY2012 funding levels and proposed funding levels from the FY2013 President's Budget, involves funding provided to the SSA for program integrity activities. These activities consist of continuing disability reviews and redeterminations

[68] For additional information on the SSA budget, see CRS Report R41716, *Social Security Administration (SSA): Budget Issues*, by Scott Szymendera.

[69] The SSA assists HHS in administering portions of the federal Medicare program. For more information on this, see Social Security Administration, Justifications of Estimates for Appropriations Committees, Fiscal Year 2013, February 2012, http://www.ssa.gov/budget/2013FullJustification.pdf.

[70] For detailed information on the funding levels for the Related Agencies in the FY2013 Senate committee bill, as compared to FY2012 comparable and the FY2013 request, see the committee report accompanying the bill (S.Rept. 112-176), which can be found at http://www.gpo.gov/fdsys/pkg/CRPT-112srpt176/pdf/CRPT-112srpt176.pdf.

of SSI eligibility. The Senate committee bill would have increased the appropriation for program integrity activities from the FY2012 level of $756.05 million to $1.02 billion, with $273 million coming from base funding and $751 million coming from the budget cap adjustment authorized by the BCA.[71]

Also of note, the Senate committee bill would have provided the President's requested funding level of $1.06 billion for the CNCS, which is $13.76 million (+1.3%) more than FY2012 funding level of $1.05 billion.

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Disclaimer

[71] U.S. Congress, Senate Committee on Appropriations, *Departments of Labor, Education, Health and Human Services, and Related Agencies Appropriations Bill, 2013*, report to accompany S. 3295, 112th Cong., 2nd sess., June 14, 2012, S.Rept. 112-76 (Washington: GPO, 2012), pp. 221-222. For additional information on the provision in the BCA affecting SSA program integrity funding see CRS Report R41716, *Social Security Administration (SSA): Budget Issues*, by Scott Szymendera, p. 13.